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June 26, 2020

**VIA ELECTRONIC FILING**

The Honorable Jocelyn Boyd  
Chief Clerk / Executive Director  
Public Service Commission of South Carolina  
101 Executive Center Drive, Suite 100  
Columbia, SC 29210

Re: Application of Duke Energy Progress, LLC to Establish a New Cost Recovery and Incentive Mechanism for Demand-Side Management and Energy Efficiency Programs  
Docket No. 2015-163-E

Dear Ms. Boyd:

Attached for filing in the above-referenced docket please find the Application of Duke Energy Progress, LLC (“DEP” or the “Company”) for Approval of Revised Cost Recovery Mechanism for Demand-Side Management and Energy Efficiency Programs (“Application”). The Company’s existing Cost Recovery Mechanism (“Mechanism”) was approved by the Public Service Commission of South Carolina (the “Commission”) in Order No. 2015-596 issued in this docket. The purpose of the instant filing is to propose certain updates and revisions to the existing Mechanism. These updates and revisions include the following, which are described in more detail in the Application:

- Cost-Effectiveness Test: DEP proposes to change from the Total Resource Cost test to the Utility Cost Test for purposes of evaluating new programs. This change will provide alignment with Duke Energy Carolinas, LLC’s evaluation of new programs.
- Net Lost Revenues (“NLR”): DEP proposes modest modifications to NLR provisions, including pilot program requirements, and the continued use of a decision tree to evaluate the inclusion of found revenues in the calculation of NLR.
- Incentives & Penalties: DEP proposes modifications to incentives including: a reduction in the portfolio performance incentive (“PPI”) from 11.5% to 10.6%; certain reporting requirements; implementation of a “program return incentive” for programs that are ineligible for a PPI; and the application of a bonus for achieving 1% year-on-year annual energy savings or a penalty for failing to achieve at least 0.5% year-on-year annual energy savings.



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- Opt-Out Provisions: While not changing the eligibility or process to opt-out, DEP proposes changes to clarify opt-out and opt-in requirements for Energy Efficiency and Demand-Side Management programs.
- Program Cost Recovery: DEP proposes certain limited program cost recovery amortization provisions.

As part of the Application, DEP is also filing herewith a complete Mechanism that includes both the current unchanged provisions as well as the revisions requested herein (Application, Appendix B).

The Company proposes to implement the revised Mechanism beginning January 1, 2022.

Kind regards,

Sam Wellborn

Attachments

cc: Parties of Record (via email)  
Heather Shirley Smith, Deputy General Counsel (via email)  
Rebecca J. Dulin, Associate General Counsel (via email)

June 26, 2020  
Page: 2